

**§ 36.412 Apportionment procedures.**

(a) For apportionment purposes, the expenses in this account are segregated into two groups as follows: (1) Operating Federal, State and local income taxes and (2) all other operating taxes.

(b) Operating Federal, State and local income taxes are apportioned among the operations on the basis of the approximate net taxable income (positive or negative) applicable to each of the operations. The approximate net taxable income from each of the operations is the summation of the following amounts apportioned to each operation by means of the procedures set forth in this Manual:

- (1) Operating revenues,
- (2) Less operating expenses,
- (3) Less operating taxes except the net income tax being apportioned and except any other tax not treated as a deductible item in the determination of taxable net income for this purpose.
- (4) Less operating fixed charges.
  - (i) The amount of fixed charges attributable to the operations is obtained by subtracting the tax component (positive or negative) attributable to other than the operating fixed charges, i.e., fixed charges on non-operating investments are that proportion of total fixed charges which non-operating net investments are of total operating and non-operating net investments.
  - (ii) Operating fixed charges including interest on Rural Telephone Bank Stock are apportioned among the operations on the basis of the separation of the cost of telephone plant less appropriate reserves.

(c) Other operating taxes should be directly assigned to the appropriate jurisdiction where possible, e.g., Local Gross Receipts may be directly identified as applicable to one jurisdiction. Where direct assignment is not feasible, these expenses should be apportioned among the operations on the basis of the separation of the cost of Telecommunications Plant in Service—Account 2001.

EQUAL ACCESS EXPENSES

**§ 36.421 Equal access expenses.**

(a) Equal access expenses include only initial incremental pre-subscription costs and other initial incre-

mental expenditures related directly to the provision of equal access, that would not be required to upgrade the capabilities of the office involved absent the provision of equal access. Equal access expenses are limited to such expenditures for converting central offices that serve competitive interexchange carriers or where there has been a bona fide request for conversion to equal access.

(b) Equal access expenses are apportioned between the jurisdictions by first segregating them from all other expenses in the primary accounts and then allocating them on the same basis as equal access investment.

**Subpart E—Reserves and Deferrals**

**§ 36.501 General.**

(a) For separations purposes, reserves and deferrals include the following accounts:

Other Jurisdictional Assets—Net.	Account 1500
Accumulated Depreciation	Account 3100
Accumulated Depreciation—Property Held for Future Telecommunications Use.	Account 3200
Accumulated Amortization—Tangible.	Account 3400
Accumulated Amortization—Intangible.	Account 3500
Accumulated Amortization—Other.	Account 3600
Net Current Deferred Operating Income Taxes.	Account 4100
Net Noncurrent Deferred Operating Income Taxes.	Account 4340
Other Jurisdictional Liabilities and Deferred Credits—Net.	Account 4370

**§ 36.502 Other jurisdictional assets—Net—Account 1500.**

(a) Amounts in this account are separated based upon analysis of the specific items involved.

**§ 36.503 Accumulated depreciation—Account 3100.**

(a) Amounts recorded in this account shall be separated on the basis of the separation of the associated primary Plant Accounts or related categories, excluding amortizable assets.